LEGISLATIVE SERVICES AGENCY

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FISCAL IMPACT STATEMENT

LS 7204 | **NOTE PREPARED:** Jan 22, 2015
BILL NUMBER: SB 549 | **BILL AMENDED:**

SUBJECT: Removal of Asset Limits for SNAP Food Assistance Program.

FIRST AUTHOR: Sen. Stoops | **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL** | **IMPACT:** State & Local
DEDICATED
X **FEDERAL**

Summary of Legislation: This bill requires the Division of Family Resources (DFR) to: (1) implement within the federal Supplemental Nutritional Assistance Program (SNAP) an expanded eligibility category, which does not consider an individual's value of assets in determining SNAP eligibility; and (2) notify the United States Department of Agriculture of the implementation of expanded categorical eligibility under SNAP.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Summary*: This bill is expected to increase net state reprogramming costs by a maximum of $125,000 in FY 2016 and $25,000 in FY 2017 to remove asset determinations from the Family and Social Services Administration (FSSA) online application software.

Increases in SNAP participation could also increase IMPACT administrative expenses. Additionally, removing asset limitations for SNAP participation could save state administrative expenses to verify applicant assets, but could be offset with administrative expenses to process additional benefit applications.

Additional Information: SNAP benefits are provided solely by the federal government. The state is responsible for 50% of the administrative costs of the SNAP program.

If the number of individuals receiving SNAP benefits increases, some of these recipients could be required to participate in the IMPACT program. IMPACT program expenditures are shared equally with the federal government. Increases in the number of individuals participating in IMPACT would increase state expenditures, but these increases would be partially offset with federal funds.

Between December 2013 and November 2014, approximately 382,000 distinct SNAP applications were received by the DFR, with 897 applications denied because of maintaining assets in excess of current eligibility criteria. Providing SNAP benefits to an additional 900 individuals will have no impact on state benefit expenditures.

Currently, there are three methods with which you can apply for SNAP benefits; online, paper, and internal. Individuals who apply online and meet eligibility criteria must be interviewed either over the phone or in person in order to receive benefits. During this interview, DFR staff spend time determining program eligibility based on income level which includes asset value. If the applicant indicated on their application they had assets, administrative time is spent verifying the value of these assets. However, most administrative time is spent verifying income for program participation. The FSSA reports that removing asset limits for SNAP eligibility is expected to minimally decrease DFR employee workload to verify assets

The FSSA reports the following approximate utilization of the three current methods used to initially apply for benefits.

Application Method	Utilization Percentage
Online	85%
Paper	10%
Internal	5%

The FSSA currently maintains a contract for the purposes of administering the online benefit determination process. The FSSA reports that if assets are no longer counted in the benefit application process, total reprogramming costs are expected to be a maximum of $250,000 per year during FY 2016 and FY 2017 ($500,000 total). For FY 2016, the state would receive 50% federal reimbursement for these costs, and in FY 2017, the state would receive 90% federal reimbursement for these costs. As a result, the net impact on state reprogramming expenditures is expected to be a total of $150,000 between FY 2016 and FY 2017.

Explanation of State Revenues:

Explanation of Local Expenditures: Individuals who are found ineligible for SNAP benefits could seek local township assistance benefits. By removing asset limits for SNAP eligibility, local governments could see a reduction in township assistance applications. However, any decrease is indeterminable.

Explanation of Local Revenues:

State Agencies Affected: FSSA.

Local Agencies Affected: Townships.

Information Sources: Grant Krevda, FSSA; David Smalley, FSSA.

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